

SCHEDULE 2

EXHIBIT A FOR THE PREVIOUSLY FILED DECLARATION OF PRIOR INVENTION UNDER 37 C.F.R. § 1.131

EXHIBIT A

CustomNews: the personalized news source


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This note describes a potential Open Market service offering: CustomNews. *Can someone think of a better name?*

The basic idea is for us to create custom home pages (or newspapers) for our customers. If we have a profile of their interests, we can select information, news, and advertisements and compose an custom on-line newspaper. The newspaper could be composed daily, hourly, or on-the-fly.

This service helps people stay informed. The Internet is an overwhelming place. It is hard enough to find something particular. It is nearly impossible to stay informed and track the constant stream of information.

This service offers value at both ends: to users, and to advertisers. Customers get a service that helps them manage information overload. Advertisers get a channel to potential customers.

Customer's View

We do two things for the user:

- Selection: We select information from a wide range of sources that is most relevant to the user, based on what they have told us they are interested in.
- Presentation: We arrange and format the selected items in a way that best addresses the user's interests. This process has several subcomponents:
 - Ordering: in what order should items be presented? Important items (headlines) might come first. Related items should be clustered together (all finance items on their own page, all items about DEC grouped together).
 - Emphasis: we can use presentation features (fonts, color, special graphics) to match the emphasis with the importance to the user
 - Content: what part of selected info items ends up being presented? Possibilities range from including the entire item to only including a pointer to the item. The choice depends on the user's preferences and the item. Small items (stock quotes) might be in-lined. Larger items such as news articles might be referenced by headline or headline and some subset of content (such as headline and first paragraph).

The goal is to show the user exactly what he wants to see, in the manner he wants to see it.

Advertiser's View

For the advertisers, we are creating a channel to customers.

Such a channel doesn't exist on the Internet today. Mass mailings and postings usually result in a cultural backlash. Weak channels are starting to emerge in the form of on-line indexes ("yellow pages"), but these methods depend on customer "pull" of information, and aren't suited to short-term advertising like sales.

XXX: compare to pure advertising channel (aka Dave's stuff). Would people actually sign up for an ad channel, even if it were free? If we did build an ad channel, how hard would it be for someone to build a competing, but compatible channel?

Business and Marketing Issues

This service has several nice business and marketing properties.

We "own" the customers.

For each customer, we have an entrenched relationship because we own their profile. Without this sort of inertia, there's no way to build and keep a long-term business on the Internet.

We own the channel to the customers.

Ideally, this is a frequent use service: our customers would be reading newspapers daily. We control what information that they see in their pages, which gives us a channel for delivering advertising.

Implementing this service is non-trivial.

This is a little more work than just putting up a few Web pages for everyone to read, so we are differentiated from the two-man consulting companies that are putting people on the Internet as fast as they can. Also, some of the technology for newspaper selection and composition might be patentable.

Fewer people are worrying about this problem.

Many are worrying about the problem of locating things on the Internet, and competition in that area is stiff judging by the number of directory services that are springing up. On the other hand, few are worrying about this problem of presenting customized, dynamic information to users. If we can solve it, and solve it early, we may create our own market.

Even a simple implementation has value: we can offer something early, and build incrementally.

We can start out with a basic news-clipping service, and gradually add more features over time. Ideally, we could cross-link various services in such a way that the whole is greater than the sum of the parts.

How we can make money

We can get money from users and advertisers.

For users, we charge for providing the service. We could charge a subscription amount and customers can use the service as much as they'd like for that amount. The amount might be fixed or depend on:

- the complexity of profile (complexity costs more)
- the size of the resulting newspaper

Or, we charge the user each time they get information. We might charge for access the service, or just for access to certain "premium" services (such as Dilbert).

For advertisers, we charge for placing ads into user's newspapers. We can have several charging models:

- flat rate
- per placement: we know exactly how many newspapers the ad was placed in
- per access: we know how many times the page(s) with the ads were retrieved by users
- per referral: for ads that include hypertext links to more information, we can we can build a mechanism (see below) that allows us to measure how many users followed the ad links.
- commission: if we can trace the user's reading of the ad in our newspaper to the purchase of the product or service, we could charge a commission for the sale.

How to charge for referrals

Normally, for links pointing outside of our server, we don't know if the user clicked on the links or not.

However, by adding an additional level of indirection using HTTP's redirect operation, we can code each link through a tabulating machine. URLs might look like:

`http://link.openmarket.com/link/`

The link tabulator decrypts the real URL, records the usage to later bill the advertiser or service provider, and returns redirect reply to refer the user to the real service provider.

Relation To Dave's Active Advertising

This idea is similar to Dave's active advertising stuff: customers have profiles that filter out what they are interested in. It is a little more general, though; it isn't restricted to just advertising.

Also, the mechanics of the implementation are a little different (i.e. where the profiles reside), so the Custom HomePage service as proposed here might not be covered by the patent.